OS REGISTRY
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5 November 1979

MEMORANDUM FOR: Associate Deputy to the DCI for Resource
Management

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FROM   : [   ]
                 Special Assistant to the DCI

SUBJECT   : APEX Resource Implications

1. The following will give you some data on some of the problem areas which have resource implications for the APEX program. I have included data on the cost of converting computer and communications programs to accommodate to APEX codewords and markings requirements. As you know, the decision to phase out the implementation of the program was influenced greatly by the assumption that taking a period of at least three years to achieve full implementation would mean that a lot of the computer/ communications conversion costs could be avoided. The consensus was that, given enough time, the various program managers could absorb these costs as they continued their normal updating of software programs or, in the case of NSA, proceeded to carry out a number of major modernization programs for their computer and communications networks. [ ]

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Dollar Costs

2. The immediate dollar requirement which should be satisfied this year is the money required for the development of the Central APEX Access Registry--the so-called 4-C system. In 1977 when this system was reviewed by the NFIB and approved by the DCI, a detailed cost study indicated the system could be developed for the Intelligence Community within a year at a cost of $2 million. World-wide implementation would require another 6-18 months and an additional $2 million. The Working Group arbitrarily raised this cost to $5 million to account for inflation. Given the way things are going, it probably would be wiser to speak in terms of $6 million. [ ]

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Communications and Computer Conversion Costs

3. For this item, the costs have been the subject of con-siderable debate within the Community. The various estimates

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are shown in the attachment. The requirements under the so-called
first report--$50.9 to $73.4 million--represented a conversion
program which included retrofitting of all of the data bases in
the Community. The figures under the second report--$33.8 million--
were the results of examining a program which would restrict con-
version requirements to those aspects of the systems involved in
day-to-day administrative and management functions and the distribu-
tion of generic source product within the Community. The figures
under the so-called final report--$9.5 million--excluded the immediate
conversion of collection and processing systems and confined the
initial conversion to the changing of codewords on intelligence
product. ☐

    4. The Director, NSA, still objected to the figures in the
final report which were subjected to an independent review by
☐ and his staff. Their findings were that the $5 million
figure for NSA was probably too low but that the NSA requirements
should not exceed $10 million. Thus, it would seem that the conver-
sion programs are going to cost somewhere between $10 and $34 million
but, as I noted above, the long-term phasing of the implementation
of the APEX system should wash away most of these costs. ☐
☐ staff is most familiar with this problem and you
might want to talk to him. ☐

Position Requirements

    5. The position requirements for the APEX program are modest;
namely, five professionals and three-four secretarial positions.
There has been some hope that most of the agencies participating in
the program would be willing to staff these positions on a non-
reimbursable basis. I doubt that they will take place, however,
and urge that the seven or eight positions required and associated
monies be provided as new positions rather than taken from CIA's
hide. ☐

Other Costs

    6. Though not directly related to the APEX program, the Working
Group observed that the Technical Security programs associated with
compartmented intelligence are not being carried out according to
established requirements. The existing Technical Security counter-
measures are not being carried out with the frequency called for by
DCI directives. The current shortfall in the Community is 34 posi-
tions and, depending upon the toughness of the criteria accepted in

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in the APEX program, an additional 23 or 79 positions could be required. Army and Navy each would also ask for $240,000 in TSCM equipment. I call this to your attention as an example of less than desirable security practices about which nothing is being done and which, as far as I know, have not been considered in any of the program work for either the 1981 or 1982 budgets. The present situation and reported shortfalls are

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Agency	Assets	Shortfall	APEX Additions	
			Option 1	Option 2
Army *	80	18	-	26
Navy *	40	2	1	3
Air Force	116	8	8	24
State	45	4	6	14
CIA	30	2	8	12
Total	311	34	23	79

25X1 * Army and Navy each would require an estimated $240K for TSCM equipment.

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Attachment

25X1 SA/DCI[   ]:b (5 Nov 79)
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